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Regan denies giving secret funds approval

J By Mary Belcher
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SANTA BARBARA, Calif. — White House Chief of Staff Donald Regan yesterday denied reports that he had approved a secret U.S. plan to divert profits from Iranian arms shipments to Nicaragua's anti-Marxist rebels.

United Press International quoted an unnamed White House source as saying: "Regan approved the concept of using Iran funds to finance the Contras."

UPI also said Mr. Regan was informed regularly about the operation by Vice Adm. John Poindexter, the national security adviser who resigned Tuesday, and Lt. Col. Oliver North, the NSC official who was dismissed for organizing the scheme.

Mr. Regan called the report "ridiculous."

"I was not briefed throughout on all of this," he said, emerging from a Thanksgiving dinner at which he was host for White House staff members.

"I never heard of it before the news came out on Monday about what was happening with the Iran money and the Contras," the chief of staff said.

Mr. Regan said he had "no idea" where the UPI report originated. "How can you comment on an unnamed source?" he asked.

Justice Department investigators on Monday uncovered the diversion of \$10 million to \$30 million in profits from the secret arms shipments to Swiss bank accounts controlled by Nicaraguan resistance forces.

Attorney General Edwin Meese III said Tuesday that Col. North, former deputy director of the NSC, was the only U.S. official who had "precise" knowledge of the Nicaraguan connection.

Mr. Meese said Adm. Poindexter and former National Security Adviser Robert McFarlane had general knowledge of the diversion of funds.

As the intrigue deepened over who in his administration knew what about the arms deals, President Rea-

gan spent a secluded Thanksgiving with his family at his nearby mountaintop ranch.

When Mr. Regan was asked earlier yesterday whether the rising tide of allegations was getting out of control, he said, "No, no, no. We want to have out in the open anything of a wrongdoing."

"Remember, the first we heard of this was Monday afternoon... when the president first got the information that there had been wrongdoing."

"By Tuesday morning, he had made his statements," Mr. Regan said. "Whenever there is something wrong we want it to come out."

Meanwhile, a pared-down White House staff here had little to say about a Los Angeles Times report that Col. North destroyed documents that might have revealed the scope of administration involvement, which is under investigation.

The Los Angeles Times said Col. North, who was interviewed by Justice Department officials over the weekend, destroyed documents that might have implicated others in the operation.

The newspaper reported that Col. North destroyed the papers at least 36 hours before the locks on his

White House office were changed and the premises were secured earlier this week.

Col. North, in a brief interview before joining his family for Thanksgiving dinner in Washington, said: "I have no statement to make at this time."

"At the appropriate time and in the appropriate forum I will make a full exposition of the facts as known to me," he said. "The time and place of that exposition will be determined with the advice of counsel."

A senior Justice Department official in Washington yesterday told The Washington Times that department investigators on Saturday gave the NSC a list of documents belonging to Col. North they wanted sequestered.

The senior official, responding to

the Los Angeles Times report, said the investigators reviewed documents on Monday and Tuesday and that they appeared complete.

He did not confirm or deny the report that Col. North had destroyed documents.

Another source close to the White House said Col. North had gone to his office over the weekend to clean up, not to destroy documents.

The Justice Department and the FBI are investigating whether Col. North or others broke the law in carrying out the Iranian arms sales and by diverting funds to Nicaraguan rebels.

Mr. Regan said he had "no idea of any wrongdoing or any right-doing" on Col. North's part, "and that's why we have the investigation."

Earlier yesterday, Col. North was turned away at the White House gate. His name has been put on a "do-not-admit" list because he is under investigation.

"He no longer has a White House pass, and he cannot be admitted to the compound for any reason," said White House spokesman Dan Howard.

A major question is whether Col. North — who was deeply involved in efforts to secure private funding for the Nicaraguan resistance — instigated the diversion of arms shipment funds to Swiss bank accounts controlled by the Contra rebels.

Mr. Howard would not comment on any of the escalating swirl of allegations and reports.

"The whole matter is in the hands of the professional investigators," Mr. Howard said.

UPI, quoting two unnamed White House officials, also reported that President Reagan has been briefed regularly on actions taken by Col. North to funnel private military aid to the Nicaraguan rebels, two White House officials said Thursday.

However, the two officials said they did not know whether the briefings by the White House national security adviser touched on funds channeled from Iranian arms sales to the rebels.

The president, who will return to Washington on Sunday, spent yesterday morning clearing brush and riding horses.

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Meanwhile, the Rev. Lawrence Martin Jenco, who was released last July by pro-Iranian Moslem extremists in Beirut, yesterday expressed hope that the remaining hostages would be freed.

"Perhaps it's going to have to be Christmas or it might be a feast of the Moslems, but I know it's going to be a feast day celebration when they're set free," Father Jenco said before attending a Thanksgiving dinner at Blessed Sacrament Church in Westminster, Calif.

In Marinette, Wis., a lawyer for the family of Eugene Hasenfus said the investigation of the Iranian arms sales and Contra funding may help free Mr. Hasenfus from a Nicaraguan prison.

Attorney Ernest Pleger said the investigation provides an opportunity to call Mr. Hasenfus to testify in the United States because the Iran deal involved funneling money to the Nicaraguan resistance.

"I wouldn't be at all surprised if there were a formal request made that he be present for those hearings," Mr. Pleger said.

There is speculation that money secretly funneled to the Contras from the Iranian arms deals was

used to finance military supply flights such as the one that crashed last month with Mr. Hasenfus aboard. Mr. Hasenfus, the sole survivor of the crash, was captured by Nicaraguan government troops and subsequently sentenced to 30 years in prison.

In a separate development, former CIA Deputy Director Bobby Ray Inman said he would turn down any request by the president to head the NSC. "I have not been contacted by anyone in the administration about serving and I am not available," Mr. Inman said Wednesday, responding to reports that he was being considered as a replacement for Mr. Poindexter.

Mr. Inman, who heads a computer and electronics firm and describes himself as a Reagan supporter, said he was skeptical of the administration's position that Col. North masterminded the complex Iranian arms deal.

• *Jeremiah O'Leary and Michael Hedges contributed to this report in Washington.*